

SECOND REGULAR SESSION

SENATE BILL NO. 777

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATORS BRAY AND DAYS.

Pre-filed December 22, 2005, and ordered printed.

TERRY L. SPIELER, Secretary.

4124S.011

AN ACT

To amend chapter 354, RSMo, by adding thereto twenty-one new sections relating to the Missouri universal health assurance program with a contingent effective date for certain sections.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 354, RSMo, is amended by adding thereto twenty-one
2 new sections, to be known as sections 354.750, 354.753, 354.756, 354.759,
3 354.762, 354.765, 354.768, 354.769, 354.770, 354.771, 354.774, 354.777, 354.780,
4 354.783, 354.786, 354.789, 354.792, 354.795, 354.807, 354.810, and 354.813, to
5 read as follows:

**354.750. 1. Sections 354.750 to 354.813 may be known and shall
2 be cited as the "Missouri Universal Health Assurance Program".**

**3 2. The Missouri universal health assurance program is hereby
4 created for the purpose of providing a single, publicly financed
5 statewide program to provide comprehensive necessary health care
6 services for all residents of this state. This program shall have as its
7 goals:**

**8 (1) Timely access to health services of the highest quality for
9 every resident of the state so that all may benefit;**

10 (2) The provision of adequate funding for health care;

**11 (3) Lower health care spending through streamlined
12 administration, a single bill, and uniform payments.**

**13 3. As used in sections 354.750 to 354.813, the following terms
14 mean:**

**15 (1) "Board", the board of governors of the Missouri universal
16 health assurance program;**

17 (2) "Eligible person", any person who qualifies for benefits
18 pursuant to section 354.783;

19 (3) "Fund", the Missouri health care trust fund;

20 (4) "Participating provider", any person who is authorized to
21 furnish services pursuant to the provisions of sections 354.750 to
22 354.813 and pursuant to rules adopted by the board of governors of the
23 Missouri universal health assurance program;

24 (5) "Program", the Missouri universal health assurance program.
 354.753. The Missouri universal health assurance program shall
2 be a body corporate and an instrumentality of the state. In the
3 program shall be vested the powers and duties specified in sections
4 354.750 to 354.813 and to enable it, its officers, employees and agents to
5 carry out the purposes of sections 354.750 to 354.813.

 354.756. 1. The director of the department of health and senior
2 services shall divide the population of the state into six regional health
3 planning and policy development districts of roughly equal population.
4 An advisory council in each district shall:

5 (1) Assist the board in the development of a comprehensive state
6 health care plan pursuant to section 354.765 and in the development of
7 budgetary allocations for health care services and of operating policies
8 and procedures for the program;

9 (2) Develop a transportation plan to enable indigents, elderly
10 persons, and persons with disabilities to have access to nonemergency
11 health care services.

12 2. Not later than thirty days after the first meeting of the board
13 of governors appointed pursuant to section 354.759, the board shall
14 submit to the governor a list of names of qualified persons who reside
15 in each of the six regional health planning and policy development
16 districts. From such list the governor shall appoint to each district, an
17 advisory council composed of the following eleven members:

18 (1) One representative of business;

19 (2) One representative of a labor organization;

20 (3) One representative of a political subdivision within the
21 district;

22 (4) Two physicians;

23 (5) One registered nurse;

24 (6) One representative of health care providers who is not a

25 **physician or a registered nurse;**

26 **(7) Two representatives of consumers of health care services;**

27 **(8) One dentist; and**

28 **(9) One mental health care provider.**

29 **3. The terms of the initial appointees to each of the district**
30 **councils shall be as follows: five shall be appointed for a term of four**
31 **years, four for a term of three years, and four for a term of two**
32 **years. Thereafter all terms shall be for four years, but any member**
33 **appointed to fill a vacancy in an unexpired term shall serve only for**
34 **the remainder of that term. No member may be appointed to serve**
35 **more than two consecutive terms.**

354.759. 1. The Missouri universal health assurance program
2 **shall be administered by a board of governors composed of twenty-five**
3 **members:**

4 **(1) Sixteen of whom shall be appointed by the governor with the**
5 **advice and consent of the senate as follows:**

6 **(a) One representative of a hospital;**

7 **(b) Two physicians;**

8 **(c) One registered nurse;**

9 **(d) One epidemiologist;**

10 **(e) One representative of a community health center;**

11 **(f) One representative of a mental health care provider;**

12 **(g) One person experienced in health care consumer advocacy;**

13 **(h) Two persons whose annual income does not exceed twice the**
14 **federal poverty level;**

15 **(i) One person sixty-five years of age or older;**

16 **(j) One representative of a labor organization;**

17 **(k) One representative of employers;**

18 **(l) One member who is a licensed health care professional other**
19 **than a physician or a nurse;**

20 **(m) One person trained in bioethics; and**

21 **(n) One dentist;**

22 **(2) Six of whom shall represent the regional health planning and**
23 **policy development districts established pursuant to section 354.756,**
24 **one such member to be selected by each of the district advisory**
25 **councils; and**

26 **(3) Three of whom shall be the following ex officio members:**

- 27 (a) The director of the department of health and senior services;
28 (b) The director of the department of social services; and
29 (c) The director of the department of mental health.

30 2. The terms of the initial members who are appointed pursuant
31 to subdivision (1) of subsection 1 of this section shall be staggered as
32 follows: five shall be appointed for a term of four years, five for a term
33 of three years, and four for a term of two years. The initial terms of the
34 members selected pursuant to subdivision (2) of subsection 1 of this
35 section shall be staggered so that the members selected from even-
36 numbered districts shall serve an initial term of three years and those
37 from odd-numbered districts shall serve four years. Thereafter all
38 terms shall be for a term for four years each, but a member appointed
39 to fill a vacancy in an unexpired term shall serve only for the
40 remainder of that term. No member may be appointed to serve more
41 than two consecutive terms.

42 3. Members of the board shall at all times include:

43 (1) Sufficient representatives of racial and ethnic minorities so
44 that the makeup of the board shall accurately reflect the racial and
45 ethnic diversity of the state population;

46 (2) At least two members who are defined as disabled pursuant
47 to the Americans with Disabilities Act, P.L. 101-336; and

48 (3) Gender representation that accurately reflects the total state
49 population.

50 4. The board shall elect a chairperson and vice chairperson.

51 5. Meetings shall be called by the chairperson or by any thirteen
52 members. The board shall meet at least six times per year. All
53 meetings of the board shall be announced in advance and open to the
54 public, except as provided by chapter 610, RSMo.

55 6. Thirteen members of the board constitute a quorum, and
56 affirmative vote of thirteen members shall be necessary for any action
57 to be taken by the board.

58 7. The members of the board shall be reimbursed from the
59 Missouri health care trust fund for mileage and their necessary and
60 actual expenses incurred while engaged in the business of the board.

 354.762. 1. The board of governors of the Missouri universal
2 health assurance program shall be responsible for:

3 (1) Establishing budget and policy guidelines for the program

4 through the development of a comprehensive state health care plan
5 pursuant to section 354.765;

6 (2) Establishing fee schedules using the last available calendar
7 year as a base year;

8 (3) Determining aggregate capital expenditures in keeping with
9 the goals established pursuant to subdivision (2) of subsection 1 of
10 section 354.765;

11 (4) Approving changes in services offered by the program;

12 (5) Administering and implementing the program, and
13 administering the Missouri universal health care trust fund created
14 pursuant to section 354.771;

15 (6) Adopting rules pursuant to chapter 536, RSMo;

16 (7) Monitoring the operation of the program;

17 (8) Studying means of incorporating institutional long-term care
18 benefits into the program, studying immigration into the state for the
19 purpose of receiving health care services under the program, and
20 reporting on the progress of such studies to the speaker of the house
21 of representatives, the president pro tempore of the senate, and the
22 governor;

23 (9) Reporting annually to the speaker of the house of
24 representatives, the president pro tempore of the senate, and the
25 governor on the program's activities and recommend any changes in
26 insurance and health care laws to improve access to health care for
27 residents of this state;

28 (10) Disseminating, to providers of services and to the public,
29 information concerning the program and the persons eligible to receive
30 the benefits of the program;

31 (11) Conducting necessary investigations and inquiries and
32 compelling the submission of information, documents, and records the
33 board considers necessary to carry out its duties pursuant to the
34 provisions of sections 354.750 to 354.813;

35 (12) Conducting utilization review of patients and providers to
36 identify abuses of the program and reporting abuses to state agencies;

37 (13) Employing and supervising staff;

38 (14) Conducting other activities it considers necessary to carry
39 out the purposes of sections 354.750 to 354.813;

40 (15) Establishing standards and procedures for negotiating and

41 entering into contracts with participating providers; and

42 (16) Suing and being sued.

43 2. The board, after providing notice to consumers, providers, the
44 director of the department of health and senior services and other
45 interested parties, may hold hearings in connection with any action
46 that it proposes to take pursuant to subsection 1 of this
47 section. Nothing in this section shall be construed as authorizing the
48 board to adopt rules pursuant to subdivision (6) or (15) of subsection
49 1 of this section, or to conduct evaluations or investigations pursuant
50 to subdivision (11) of subsection 1 of this section without holding public
51 hearings.

354.765. 1. The board, in cooperation with the district advisory
2 councils established pursuant to section 354.756, shall develop annually
3 a comprehensive state health care plan. The plan shall include the
4 following:

5 (1) A comprehensive budget for the program within the limits of
6 funds made available through the measures instituted in sections
7 354.750 to 354.813. The budget shall include specific amounts to be
8 allocated respectively to:

9 (a) The prevention account established pursuant to subsection
10 1 of section 354.774;

11 (b) The health services account established pursuant to
12 subsection 2 of section 354.774;

13 (c) The state of Missouri for deposit in the health professional
14 education and training fund established pursuant to section 354.777;
15 and

16 (d) Administration of the program in an amount not to exceed
17 four percent of the total funds available to the program;

18 (2) Specific goals for the total portion of funds in the health
19 services account to be expended for the capital needs of providers
20 pursuant to section 354.792;

21 (3) An evaluation of the health care and mental health needs of
22 each regional health care planning and policy development district and
23 of the state which shall include, but not be limited to, assessments of:

24 (a) Local needs for medical technology and other investments in
25 health care equipment and capital improvements;

26 (b) The effectiveness of state and local efforts to coordinate the

27 activities of the health care delivery system have been effective; and

28 (c) Any other unmet local health care or mental health needs;

29 (4) Goals for geographic distribution of health care providers
30 and personnel with strategies for using the authority over
31 reimbursements pursuant to section 354.792 and resources from the
32 health professional education and training fund established in section
33 354.777 to achieve these goals;

34 (5) Quantitative goals for the use of health and mental health
35 services by eligible persons;

36 (6) Specific goals for the physical and mental health status of
37 Missourians and for quality of care rendered pursuant to the program;

38 (7) An evaluation of the adequacy of total funds available to the
39 program; and

40 (8) Any recommendation made by the board or staff of the
41 program to the general assembly for increases in the health premium
42 shall:

43 (a) Limit, except in emergency situations, growth in total state
44 health care expenditures to no more than two percent above the total
45 percentage increase in the state's gross domestic product for the
46 previous year;

47 (b) Exercise prescription drug cost containment by using the
48 purchasing power of the state to obtain the lowest possible prices for
49 prescription drugs, and by implementing a Most Favored Nation policy
50 on reimbursement so that Missouri will not pay more for prescription
51 drugs than does the United States Department of Veteran Affairs, and
52 by establishing an evidence based system formulary for all prescription
53 drugs, and by making discounted prices available to all Missouri
54 residents, health care providers, wholesalers, and retailers of these
55 products for use in the Missouri health care system.

56 2. Prior to promulgation of the comprehensive state health plan
57 the board shall:

58 (1) Appoint a subcommittee of experts in medical and health care
59 ethics to advise the board on the ethical issues relating to the
60 allocation of health care resources;

61 (2) Appoint a subcommittee to establish an evidence based
62 system formulary for all prescription drugs and durable and
63 nondurable medical equipment used by the Missouri health care

64 system;

65 (3) Instruct each district advisory council to conduct at least one
66 public hearing in at least two areas of its region to gather public
67 comment on the proposed plan. The board shall provide the district
68 advisory councils with staff assistance in the development of such
69 hearings; and

70 (4) Hold at least two public hearings to gather public comment
71 on the proposed plan.

72 3. The comprehensive state health plan shall, to the extent
73 practical, seek to assure the most cost-effective delivery of health care
74 by reflecting the following priorities:

75 (1) Quality of care to be achieved through the following:

76 (a) Primary and preventive services;

77 (b) Accountability of providers to payers and consumers for both
78 the outcomes and consumer acceptability of the care they render;

79 (c) Continuity of care, as embodied in coordination of services
80 to individuals and the community; and

81 (d) Maintain high levels of professional competence and
82 expertise among health care providers;

83 (2) Access to care through the equitable distribution of resources
84 within the health care delivery system on the basis of community need;

85 (3) Efficient use of resources through:

86 (a) Elimination of unnecessary administrative and overhead
87 expense;

88 (b) Establishment of cost containment pricing for
89 reimbursements to manufacturers of pharmaceuticals and
90 manufacturers of durable and nondurable medical equipment; and

91 (c) Innovative and cost-effective modes of care, including, but
92 not limited to:

93 a. Community, nonmedical or in-home services that provide
94 alternatives to institutional long-term care;

95 b. Community health nursing;

96 c. Services provided by nurse practitioners; and

97 d. Psychiatric and other mental health services provided on an
98 outpatient basis.

354.768. The board of governors of the Missouri universal health
2 assurance program shall appoint the executive director of the program.

354.769. 1. The executive director shall serve as secretary to the
2 board and shall perform such duties in the administration of the plan
3 as the board may assign.

4 2. The board may delegate to the executive director any of its
5 functions or duties pursuant to sections 354.750 to 354.813 except the
6 issuance of rules and the determination of the program.

354.770. The board shall establish and administer the "Missouri
2 Health Care Trust Fund", in which shall be placed all federal payments
3 received as a result of any waiver of requirements granted by the
4 United States Secretary of Health and Human Services under health
5 care programs established pursuant to Title XVIII and Title XIX of the
6 Social Security Act, as amended, all moneys collected pursuant to
7 sections 354.798 and 354.804, and all moneys appropriated by the
8 general assembly to the program pursuant to sections 354.750 to
9 354.813. Except as provided in sections 354.798 and 354.804, moneys in
10 the fund shall be used solely to establish and maintain primary
11 community prevention programs, to pay participating providers, and
12 to support construction, renovation, equipping of health care
13 institutions in accordance with sections 354.750 to 354.813 and rules
14 established by the board of governors of the program and for no other
15 purpose. The board shall have power, in the name and on behalf of the
16 program, to purchase, acquire, hold, invest, lend, lease, sell, assign,
17 transfer and dispose of all property, rights and securities, and enter
18 into written contracts, all as may be necessary or proper to carry out
19 the purposes of sections 354.750 to 354.813.

354.771. 1. All money received by or belonging to the program
2 shall be paid to the executive director and deposited by the executive
3 director to the credit of the plan in one or more banks or trust
4 companies. No such money shall be deposited in or be retained by any
5 bank or trust company which does not have on deposit with and for the
6 board at the time the kind and value of collateral required by sections
7 30.240 and 30.270, RSMo, for depositaries of the state treasurer. The
8 executive director shall be responsible for all funds, securities and
9 property belonging to the program and shall give such corporate surety
10 bond for the faithful handling of the same as the board shall require.

11 2. Revenues held in the trust fund are not subject to
12 appropriation or allotment by the state or any political subdivision of

13 the state.

14 3. The board of governors shall administer the fund and shall
15 conduct a quarterly review of the expenditures from and revenues
16 received by the fund.

17 4. The board may invest the funds of the program as permitted
18 by law.

19 5. The amount of reserves in the fund at any time shall equal at
20 least the amount of expenditures from the fund during the entire three
21 preceding months.

354.774. 1. The "Prevention Account" is hereby created within
2 the Missouri health care trust fund. Moneys in the prevention account
3 shall be used solely to establish and maintain primary community
4 prevention programs, including preventive screening tests. The board
5 of governors of the Missouri universal health assurance program shall
6 administer the prevention account and shall determine the amount to
7 be allocated to it.

8 2. The "Health Services Account" is hereby created within the
9 Missouri health care trust fund. Moneys in the health services account
10 shall be used solely to pay participating providers in accordance with
11 section 354.792.

354.777. 1. There is hereby created within the state treasury the
2 "Health Professional Education and Training Fund" which shall consist
3 of all moneys received from federal health professional training moneys
4 and any other funds so allocated by the board pursuant to section
5 354.765. Upon appropriation by the general assembly, moneys in the
6 health professional education and training fund shall be used by the
7 board solely to pay for the education and training of health
8 professionals, said loan to be forgiven if work in field of training is
9 performed in underserved areas of the state for a length of time
10 commensurate with the length of time spent in health profession
11 education and training.

12 2. During the five-year period commencing on January 1
13 following the effective date of this section, the annual amount of state
14 expenditures for the education and training of health professionals
15 shall not be reduced below the level of such expenditures in the
16 previous calendar year.

354.780. Notwithstanding the provisions of section 33.080, RSMo,

2 to the contrary, the moneys in the health care trust fund at the end of
3 any biennium shall not be transferred and placed to the credit of the
4 general revenue fund.

354.783. 1. Every person regardless of preexisting conditions
2 who is a resident of this state is eligible to receive services pursuant
3 to the Missouri universal health assurance program. No person eligible
4 for services pursuant to the Missouri universal health assurance
5 program who receives services from a participating provider shall be
6 charged an additional amount for such services.

7 2. Persons who are not residents of this state but who work in
8 Missouri and pay the health assurance premium may receive services
9 for himself or herself and his or her dependents pursuant to the
10 Missouri universal health assurance program.

11 3. If a person who is not a resident of the state of Missouri and
12 is not eligible for benefits pursuant to subsection 2 of this section
13 receives medical treatment in Missouri, such person is subordinated to
14 the state of Missouri for reimbursement from a third-party payor for
15 such medical treatment.

354.786. 1. Every person who is eligible to receive services under
2 the program pursuant to section 354.783 is entitled to receive benefits
3 for any covered service furnished within this state by a participating
4 provider, if the service is deemed by the patient and participating
5 provider to be necessary or appropriate for the maintenance of
6 physical and mental health or for the diagnosis or treatment of, or
7 rehabilitation following, injury, disability, or disease.

8 2. Health care services include, but are not limited to, all
9 services provided pursuant to section 208.152, RSMo, and those
10 community, nonmedical, or in-home services that provide an alternative
11 to institutional long-term care, except:

12 (1) Surgery for cosmetic purposes other than for reconstructive
13 surgery;

14 (2) Medical examinations conducted and medical reports
15 prepared for either of the following purposes:

16 (a) Purchasing or renewing life insurance; or

17 (b) Participating as a plaintiff or defendant in a civil action for
18 the recovery or settlement of damages;

19 (3) Custodial care rendered in a nursing home. As used in this

20 subdivision "custodial care" means nonmedical services provided in a
21 residential care facility I or residential care facility II as such terms
22 are defined in section 198.006, RSMo.

354.789. 1. No participating provider shall refuse to furnish
2 services to an eligible person on the basis of race, color, income level,
3 national origin, religion, sex, sexual orientation, or other nonmedical
4 criteria.

5 2. An eligible person may choose any participating provider.

6 3. Every participating provider shall furnish such information
7 as may be reasonably required by the board of governors of the plan for
8 utilization review, for the making of payments, and for statistical or
9 other studies of the operation of the program.

10 4. Every participating provider shall permit the board of
11 governors to examine the provider's records as may be necessary for
12 verification of payment.

13 5. Physicians and other participating providers must practice
14 according to state and federal laws and according to their accepted
15 professional standards.

16 6. The Missouri universal health assurance program shall
17 reimburse health care providers that are located outside this state at
18 reasonable rates for care rendered to Missouri eligible persons who
19 require emergency medical care.

354.792. 1. The Missouri universal health assurance program
2 shall pay the expenses of institutional providers of inpatient services
3 on the basis of global budgets that are approved by the board of
4 governors of the program. Such global budget shall include necessary
5 construction, renovation, or equipment so long as the board has
6 determined that such construction, renovation, or equipment will
7 directly enhance public access to quality health care.

8 2. Each institutional provider shall negotiate an annual budget
9 with the program to cover its anticipated services for the next year
10 based on past performance and projected changes in factor prices and
11 services levels, and provide a reasonable margin above operating
12 expenses in order to provide for capital depreciation and other long-
13 term needs of the institution.

14 3. Every physician or other provider employed by a globally
15 budgeted institutional provider shall be paid through and in a manner

16 determined by the institutional provider.

17 4. The program shall reimburse independent providers of health
18 care services on a fee-for-service basis, using the federal Medicare
19 reimbursement fees as a guideline. The program shall annually
20 negotiate the fee schedule with the appropriate professional
21 group. The fee schedule shall be applied to health care services
22 rendered by independent providers throughout the state. The
23 appropriate professional group to negotiate the fee schedule shall be
24 the professional association chosen by election of members of each
25 health care profession.

26 5. A provider shall not charge rates that are higher than the
27 negotiated reimbursement level and shall not charge separately for
28 services pursuant to section 354.786.

29 6. In any instance in which the health care provider or the
30 professional group negotiating for the provider is unable to negotiate
31 an annual budget or a fee schedule with the program, the annual
32 budget or the fee schedule set by the board shall be presumed to be
33 correct and a final administrative decision, which may be appealed in
34 the circuit court of Cole County.

35 7. Policies and rules of institutional providers must be consistent
36 with state and federal laws and with accepted medical and professional
37 nursing standards.

 354.795. Insurers, employers, and other plans may offer benefits
2 that do not duplicate services that are offered by the Missouri
3 universal health assurance program.

 354.807. Not later than thirty days after the effective date of this
2 section, the department of social services shall do both of the following:

3 (1) Apply to the United States Secretary of Health and Human
4 Services for all waivers of requirement under health care programs
5 established pursuant to Title XVIII and Title XIX of the Social Security
6 Act, as amended, that are necessary to enable this state to deposit all
7 federal payments under such programs in the state treasury to the
8 credit of the Missouri health care trust fund created in section 354.771;
9 (2) Identify any other federal programs that provide federal
10 funds for payment of health care services to individuals. The
11 department shall comply with any requirements under those programs
12 and apply for any waivers of those requirements that are necessary to

13 enable this state to deposit such federal funds to the credit of the
14 Missouri health care trust fund.

354.810. Not later than thirty days after the effective date of this
2 section, the governor shall make the initial appointments to the board
3 of governors of the Missouri universal health assurance program
4 pursuant to section 354.759.

354.813. The board of governors of the Missouri universal health
2 assurance program shall request that the program established pursuant
3 to the provisions of sections 354.750 to 354.813 be approved for federal
4 employees and retirees while they are residents of the state of Missouri.

Section B. Sections 354.750 to 354.795 of section A of this act shall be
2 effective April 1 of the year following the notice to the revisor of statutes that a
3 waiver has been obtained from the Secretary of the Department of Health and
4 Human Services by the director of the department of social services based on a
5 request filed pursuant to section 354.807 of this act.

✓
Bill

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